Pet & Libya

Department of State TELEGRAM

44

ARPet 14 Libya

SECRET 997

81

PAGE 01 TRIPOLI 00434 041225Z

EXCISE

20/53:
ACTION E-15:

INFO OCT-01 AF-12 ARA-12 EUR-20 EA-15 NEA-13 CIAE-00
DODE-00 PM-05 H-02 INR-08 L-04 NSAE-00 NSC-10 P-03
RSC-01 PRS-01 SS-20 USIA-12 COM-08 INT-06 OER-01
JUS-02 SSO-00 IO-13 TRSY-11 OPIC-12 RSR-01 /208 W
098158

Tripoli 434 3/3/71

P 031559Z MAR 71
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC PRIORITY 7475
INFO USINT ALGIERS
AMEMBASSY BENGHAZI
AMEMBASSY BONN
AMEMBASSY BRUSSELS
USMISSION EC BRUSSELS
AMEMBASSY CARACAS
AMCONSUL DHAHRAN
AMEMBASSY DJAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
USMISSION NATO
USMISSION OECD PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO

DEPARTMENT OF STATE A/CDC, MR
REVIEWED BY Cf DATE 6/22/81
PORTIONS DENIED AS INDICATED

S E C R E T TRIPOLI 434

C O R R E C T E D C O P Y (NUMBERED PARA 4)

SUBJ: OIL SITUATION: LIBYAN NEGOTIATIONS

REF: TRIPOLI 415

SECRET

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1. LARG TEAM, LEAD BY DEPPRIMIN JALLUD, MET TWICE ON MAR. 2 WITH OXY, BP AND MARATHON. AT FIRST SERIES OF MEETINGS, LARG STRESSED ITS INSISTENCE THAT COMPANIES PRESENT SPECIFIC PRICE PROPOSALS. IN SECOND SERIES OF MEETINGS, COMPANIES INDIVIDUALLY OFFERED COMPREHENSIVE PROPOSALS, AGREED UPON BY INDUSTRY, WHICH WERE SUBSTANTIALLY BELOW LARG'S PRICE DEMANDS AND DID NOT INCLUDE REINVESTMENT COMMITMENT OR PROVISION FOR RETROACTIVE FREIGHT PAYMENT.

2. OCCIDENTAL WAS FIRST COMPANY TO PRESENT PROPOSAL, AND FROM NON-OXY SOURCE WE UNDERSTAND THAT JALLUD REJECTED OFFER OUT OF HAND AND ABRUPTLY ENDED MEETING. SECOND IN LINE WAS BP. WHEN IT BECAME APPARENT TO JALLUD THAT BP PROPOSAL WOULD BE IDENTICAL TO THAT OF OXY, JALLUD ANGRILY TERMINATED MEETING WITH DENUNCIATION OF COMPANIES' "GANGING-UP" ON LARG. SECOND MEETING WITH MARATHON LASTED ONLY LONG ENOUGH FOR JALLUD TO BE ASSURED IT WAS FOLLOWING SAME LINE AS OTHERS, AND FOR HIM TO WARN MARATHON THAT ITS INTERESTS WOULD SUFFER IF IT PERSISTED IN FOLLOWING INDUSTRY LINE.

3. ESSO HAD BEEN SCHEDULED FOR MEETING AT 1000 THIS MORNING (MARCH 3), BUT THIS WAS CANCELED BY LARG. IN PLACE OF ESSO, MINPET MABRUK MET PRIVATELY WITH BP AT 0900 TO RAISE QUESTION OF WHETHER IT WAS POSSIBLE FOR COMPANIES AND LARG TO REACH AGREEMENT ON REINVESTMENT AND RETROACTIVE FREIGHT ALLOWANCE ISSUES. MABRUK ASKED THAT COMPANIES REEXAMINE THEIR POSITIONS ON THESE MATTERS AND BE PREPARED TO DISCUSS THEM AGAIN AT NEXT SESSIONS, SINCE IT APPEARED TO LARG THAT AGREEMENT ON PRICING PROBABLY COULD BE REACHED BUT THAT NEGOTIATIONS WOULD FAIL IF NO AGREEMENT WAS POSSIBLE ON REINVESTMENT AND FREIGHT. MABRUK THEN SCHEDULED MEETINGS WITH OXY, PB/HUNT AND OASIS GROUP FOR 1200. AS OF COB MARCH 3, BP HAD MET AGAIN ALONE WITH LARG, BUT RESULTS OF MEETING WERE NOT AVAILABLE TO EMBASSY. OTHER COMPANIES CONVOKED BY LARG WERE STILL WAITING.

4. COMMENT: [redacted] B4

DECLASSIFIED

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[redacted] B1

GP-3.

PALMER

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